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Digital Culture, neither Strategy nor Technology, Drives Digital Transformation

TREO Talk Paper

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Abstract

Digital Transformation (DT) is the process of harmonizing organizational goals, values, and culture with employees by the means of adopting digital technologies. This process has become increasingly essential for organizations' success to not only implement but thoroughly understand and govern. However, according to Forbes, 70% of DT initiatives, in fact, fail, partly due to the employees' lack of participation in digital governance. To address this challenge, we propose an employee-centered framework for understanding and planning employee engagement in DT initiatives. Our framework sheds light on the importance of *Digital Culture* and *Employee Experience* with DT initiatives in driving employees' participation in digital governance. We first explain how and why the employees' participation in the organization's DT is affected by five attributes of digital culture. To holistically model digital defined, we adapted Hofstede's widely accepted Cultural Dimension Theory and its five major categories: (a) collectivism, (b) power distance, (c) uncertainty tolerance, (d) long term orientation, and (e) indulgence. Under collectivism, we identified how the applications of digital technologies affect the culture of *collaboration, communication, and participation* across an organization. Power distance is the second dimension of digital culture that renders how digital technologies promote or hinder *openness* and *trust* among employees. Digital technologies can also, positively or negatively, affect an organization's uncertainty tolerance which can be observed in two forms of digital *risk affinity* and *tolerance towards failure* after adopting new technology. Moreover, digital technologies can change the culture of an organization in terms of long-term orientation that can be characterized by that organization's *agility, customer centricity, innovation, and willingness to learn* after the introduction of new digital tools and technologies. The last dimension of digital culture is indulgence that refers to the degree of freedom that digital technologies give to employees in fulfilling their goals. We recognize *engagement* and autonomy as two sub-dimensions of indulgence allowed or enabled by digital technologies. We argue these dimensions of digital culture can help predict the success or failure of DT initiatives. We also explain this claim by presenting the associations between each dimension of digital culture and the employees' willingness to participate in DT initiatives governance. In particular, we highlight the role of employees' experiences with DT as an underlying mechanism explaining the relationships between digital culture and employees' engagement in digital governance. Our framework defines employee experience in terms of *cognitive experience, social experience, emotional experience, and behavioral experience* that employees develop over the interaction with digital transformation initiatives.

This framework offers a holistic and employee-centered approach to understand, plan, and govern DT initiatives beyond strategy and technology. We invite both schoolers and practitioners to further examine the role of five dimensions of digital culture in shaping employees' digital experiences and in turn enhancing employees' participation in digital governance. We believe shifting the focus from DT strategy and technology to digital culture and employee experiences can address many challenges we face in planning, implementing, and governing DT initiatives from employee readiness to employee participation.